

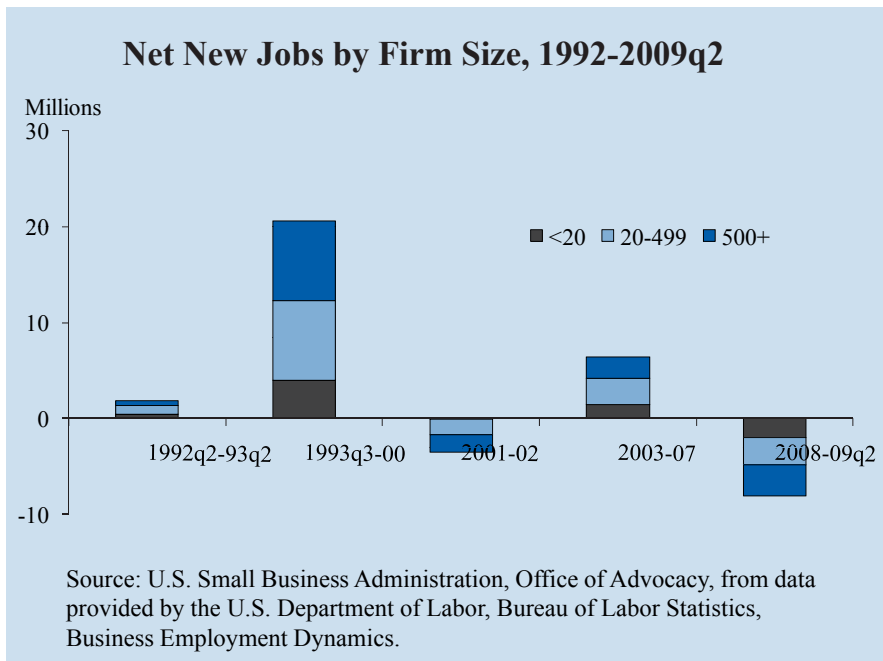
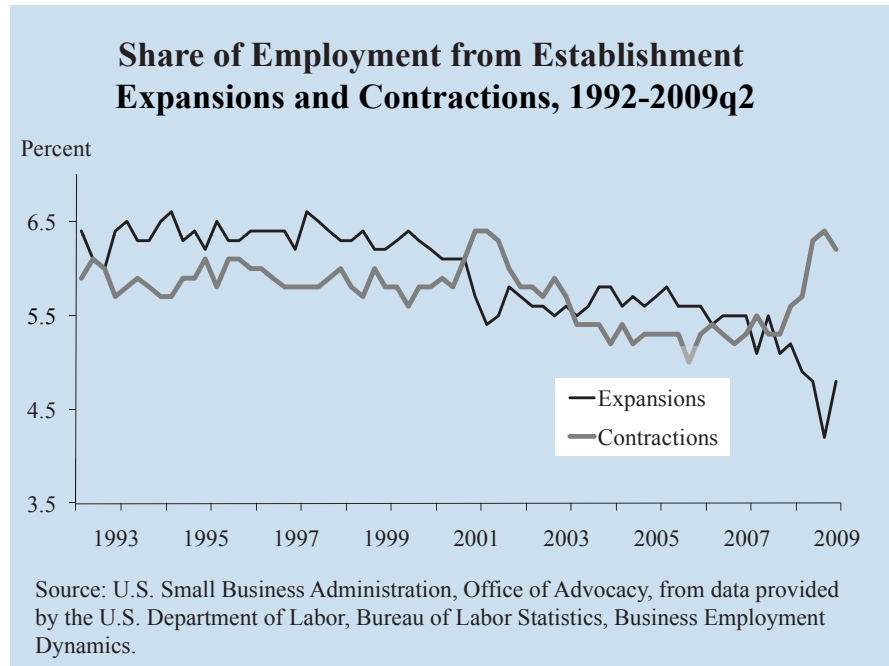
Small Business at Work

by Kathryn Tobias and Brian Headd

While the United States may have a shortage of jobs, there is no shortage of assertions about small businesses and their impact on jobs. Another shortfall is in clear explanations of these various assertions. A new report from the Office of Advocacy, *An Analysis of Small Business and Jobs*, visually presents a wealth of background information on the share of small business employment and the different roles of new and fast-growing businesses in shaping our labor market. The report also tracks recent trends and finds a decline in job turnover since the downturn of 2001.

“In a recent meeting with small business trade associations, it was very clear that as advocates for small businesses we needed a clear, concise document educating the world about small businesses’ role

Continued on page 3



In This Issue

Regulatory News

Advocacy Files Comments on TSA's Aircraft Repair Station Security Proposal 2

Homeland Security Rulemaking Issues Examined 2

Research Notes

Small Business at Work 1

News Items

Thad Inge Joins Advocacy Staff 4

Regulatory News

Advocacy Hosts Roundtable; Files Comments on TSA's Proposed Aircraft Repair Station Security Rule

by Bruce Lundegren, Assistant Chief Counsel

In January, the Office of Advocacy hosted a small business roundtable to discuss the Transportation Security Administration's (TSA) proposed Aircraft Repair Station Security rule. Advocacy followed up by filing written comments on the proposal on February 19.

TSA published the proposed rule on November 18, 2009. The rule would require foreign and domestic aircraft repair stations certified by the Federal Aviation Administration (FAA) to file a profile with TSA and then implement a standard security program developed by TSA. The security program would require adoption of various security controls, but its exact contents are considered secret. The rule would also mandate that repair stations comply with TSA security directives, allow inspections, maintain records, and respond to deficiencies. TSA could order FAA to close a facility over immediate security concerns.

TSA's proposal is intended to reduce the likelihood of a terrorist attack on the United States by better securing aircraft repair stations. TSA is concerned that an aircraft

could be stolen or sabotaged while undergoing service or repair. Repair stations and other operations are currently subject to rigorous FAA safety standards, and many facilities already have formal security programs in place.

Aircraft repair stations come in a variety of sizes and perform varied functions. Some are larger facilities located at airports, while others are very small and located at remote, off-airport sites. Many small facilities work only on parts and components and never have access to or control over an aircraft. TSA estimates that there are some 4,000 domestic and 1,000 foreign repair stations that would be subject to the rule.

Small business representatives who attended Advocacy's roundtable stated that they strongly support security, but expressed concerns with TSA's approach. First, they want TSA to consider alternatives, such as exempting small repair stations that are not located at airports or do not have access to an aircraft, or they want TSA to consider a risk-based, tiered approach based on the size of and proximity to the

aircraft. They also want TSA to align its proposed rule with TSA's pending general aviation rule. Attendees also thought that TSA's proposal is too costly, not fully developed, and does not recognize the diverse nature of the industry.

Advocacy's comments on the proposed rule reflect the concerns that small business representatives raised during the roundtable. However, Advocacy also commends TSA for seeking to provide flexibility and trying to align its proposal with FAA safety standards and industry protocols. A copy of Advocacy's letter can be found at www.sba.gov/advo/laws/comments/tsa10_0219.html. Please contact Assistant Chief Counsel Bruce Lundegren at (202) 205-6144 or bruce.lundegren@sba.gov for more information.

Conference Examines Regulatory Issues for Homeland Security in 2010

by Bill Wolfsheimer, Office of Advocacy Legal Intern

On March 3, the American Bar Association held its fifth annual Homeland Security Law Institute in the Washington Convention Center. The conference included a presentation titled "Regulatory Developments for 2010," which detailed regulatory issues and developments that may affect homeland security in the coming year.

The session was moderated by Elizabeth Branch, a partner with Smith, Gambrell & Russell, and featured several prominent federal officials: Michael Fitzpatrick, associate administrator for the Office of Information and Regulatory Affairs (OIRA); Mary Kate

Continued on page 3

The Small Business Advocate

Editor Rebecca Krafft

Managing Editor Rob Kleinsteuber

Contributing Editors Brian Headd, Bruce Lundegren, Janis Reyes, Kathryn Tobias, William Wolfsheimer

Production Assistant Angela Hamilton

The Small Business Advocate (ISSN 1045-7658) is published monthly by the U.S. Small Business Administration's Office of Advocacy and is distributed to SBA field staff and members of the U.S. Congress. *The Small Business Advocate* is available without charge from the Office of Advocacy, U.S. Small Business Administration, MC 3114, Washington, DC 20416; advocacy@sba.gov; (202) 205-6533. For delivery changes, send your current address label with your request to the above address. For electronic delivery of this newsletter, visit, www.sba.gov/advo/newsletter.html.



Federal Recycling Program
Printed on recycled paper.

Job Gains and Losses,

from page 1

in the labor market,” said Acting Chief Counsel for Advocacy Susan M. Walthall. “We hope that with this report, the voice of small business will be heard more clearly.”

Over a recent 15-year period, small businesses created some 65 percent of the net new jobs in the private sector, using conservative figures. This is not news. What is less understood is the role of the unique subsectors of small businesses—the start-ups, fast growers, and others—which contribute differently to employment overall and to job gains and losses.

Advocacy’s analysis of the quarterly Bureau of Labor Statistics data shows that over the 15 years from 1993 to mid-2008, 31 percent of net job gains (jobs created minus jobs lost) came from the creation and destruction of businesses (net employment change from business entry minus business exit). An even larger share—the remaining 69 percent—were from businesses that were not new, but survived.

The business cycle is an important factor in the net creation or loss of jobs. In the current downturn, firms with fewer than 20 employees began losing jobs as early as the second quarter of 2007.

From 2008 to the second quarter of 2009, these smallest firms accounted for 24 percent of the net job losses, while those with 20-499 employees accounted for 36 percent; the remaining 40 percent of job losses were in large firms with more than 500 employees.

A message in the report that should not be lost is that assertions about job creation often depend upon how the analysis is framed (or what data methodology is used).

This dilemma of how to choose from many data sources and methodologies is relatively new: where we now have multiple data sources on small business employment within easy reach of the general public, a few decades ago each small business employment finding was a research project preceded by a mountain of data field work.

The report is available on Advocacy’s website at www.sba.gov/advo/research/rs359tot.pdf.



On March 3, Acting Chief Counsel Susan Walthall spoke to the Small Business Legislative Council at their annual breakfast meeting. Pictured are incoming SBLC Chair Paula Calimafde, Walthall, SBLC President John Satagaj, and outgoing Chair Robert Dolibois.

Regulatory Panel,

from page 2

Whalen, associate general counsel for regulatory affairs for the Department of Homeland Security (DHS); Neil Eisner, assistant general counsel for regulation and enforcement for the Department of Transportation (DOT); and George Korch, senior science advisor at the Department of Health and Human Services (HHS).

During the presentation, Fitzpatrick discussed the OIRA Dashboard, a website that provides

details on all of the rules that OIRA is currently reviewing. The Dashboard is located at www.reginfo.gov.

Whalen explained how the different types of threats facing our country require a wide variety of regulatory actions and stressed that extraordinary coordination between different DHS components is vital. Eisner discussed the frequent coordination between DOT and DHS over regulatory issues, and Korch talked about HHS’s Public Health Emergency Medical Countermeasures Enterprise (PHEMCE) and

stressed the importance of a faster and more effective response to public health emergencies.

The presentation allowed the various agencies to come together and discuss ways to improve homeland security through regulation. Since the Regulatory Flexibility Act requires Advocacy to review federal regulations for their small business impact, several of the office’s attorneys attended the event to stay current on these topics.

Thad Inge Joins Advocacy Staff

by Rebecca Krafft, Editor

This month, the Office of Advocacy welcomed Thad Inge as assistant chief counsel for congressional affairs. Most recently, Inge has been a research analyst for the Senate Committee on Small Business and Entrepreneurship under Chair Mary Landrieu, where he worked on small business and economic issues, including technology and innovation programs and broadband policy. He previously helped run several political campaigns.

Inge received his law degree, *cum laude*, from the University of Miami School of Law. He clerked in the U.S. Attorney's Office for the southern district of Florida in the economic and environmental crimes section. He also served as a summer associate at two law firms in Birmingham, Alabama, near his hometown of Mobile.

No stranger to Washington, D.C., Inge received his bachelor's degree in government from Georgetown

University, with a minor in history. He spent a semester abroad at the Charles University in Prague, Czech Republic; and he taught English in China and Vietnam. He

continues to volunteer in the Washington, D.C., Public School system, helping students with reading skills.



U.S. Small Business Administration
Office of Advocacy
Mail Code 3114
409 Third Street, S.W.
Washington, DC 20416

Official Use
Penalty for Private Use, \$300

Return Service Requested

FIRST CLASS
POSTAGE AND FEES PAID
U.S. Small Business Administration
Permit No. G-82